



Vol. 1, No. 4; Oct – Dec (2021)

## Quing: International Journal of Commerce and Management

Available at <https://quingpublications.com/journals/ijcm>



### A Study on Cashless Transactions in Karaikal Town



Arul Edison Anthony Raj I\*

Assistant Professor, Department of Business Administration, Don Bosco College (Arts & Science), Thamanangudy, Karaikal. PY, IND.

ARTICLE INFO	ABSTRACT
<p><b>Received:</b> 29-09-2021 <b>Received in revised form:</b> 22-10-2021 <b>Accepted:</b> 25-10-2021 <b>Available online:</b> 30-12-2021</p> <hr/> <p><b>Keywords:</b> Cash; Cashless Transactions; Digital Transactions; Demonetisation; RBI.</p>	<p>Cashless transactions are not new to us. It is started from the barter system itself. This study gives a bird' eye view on the impact of demonetization in cashless transactions in our country by the statistical report of RBI. It aims to analyse the level of awareness and satisfaction level of the users on cashless transactions at present that is after demonetization in Karaikal town. As this is not an in-depth study, convenience sampling is used for the analysis of data. About 100 respondents are given questionnaires in Karaikal town only. There are some limitations in this study due to convenience sampling and the area of the study which is limited. The awareness level depends on education and at the same time the confidence on transactions ranked third shows the hesitation to do digital transactions. Anyhow this study revealed that the user prefers cash and they approve it 'Cash is a King'.</p>

© 2021 Quing: IJCM, Published by Quing Publications. This is an open access article under the [CC-BY 4.0 license](#), which allows use, distribution and reproduction in any medium, provided the original work is properly cited.

**DOI:** <https://doi.org/10.54368/qijcm.1.4.0005>

#### 1.0 INTRODUCTION

In the olden days, business transactions were taken place as the barter system. It means the exchange of goods for trade. That was slowly transformed into a coin system. In India, Sher Shah Suri introduced a silver coin which was termed as 'rupiah' ([Wikipedia, 2018](#)). During the Mughal and Marathi eras, as well as in British India, the silver currency system was still in use. Till the end of the 19<sup>th</sup> century, the Indian rupee was a silver-based currency.

British India enacted the paper currency act of 1861 which granted them the monopoly to create paper currencies because of the silver scarcity during World War-I ([Wikipedia, 2018](#)). The Reserve Bank of India was given control of currency issuance when the country got its independence.

#### 1.1 Evolution of Cashless Transactions

In India, cashless payments were evolved in 1770 in the form of cheques by the bank of Hindustan. Negotiable instruments act 1881 formalized non-cash modes of paper currency through cheques, bills, etc. But it still required manifestation of money.

\* Corresponding author's e-mail: [aruledison87@gmail.com](mailto:aruledison87@gmail.com) (Arul Edison Anthony Raj I)

In this modern India, many people go for digital transactions whereby financial transactions are not conducted with physical notes or coins, it is otherwise called cashless transactions,

During the 1990s, as electronic banking grew more prominent, a movement toward cashless transactions and settlements started to take hold among the general public.

## **1.2 Advantages and Disadvantages of Cashless Transactions**

Thus, the introduction of cashless transactions through digital form has its advantages and disadvantages according to the user analysis.

### **1.2.1 Advantages**

- 1) Need not carry cash
- 2) Black money of laundering will be drop
- 3) All transactions can be monitored
- 4) The crime rate will be drop

### **1.2.2 Disadvantages**

- 1) Prone to cyber attack
- 2) To trust government blindly
- 3) Poor and uneducated people have to suffer more.

## **1.3 Waves of Demonetisation in Cashless Transaction**

Cashless transactions were not in wider scope as estimated. Many people were willing to do their transactions in cash because of hesitation to practice the digital transaction. There was no sufficient awareness and knowledge about this transaction. But in our country on November 8 the demonetisation of ₹500 and ₹1000 notes made many people go for cashless transactions ([Balaji and Balaji, 2017](#)).

## **1.4 Statement of the Problem**

As we stated above there are many pros and cons to using cashless transactions. It is also to be agreed here that demonetisation makes many users switch over for non-cash transactions. Thus, this aspect induced us to see an overview of the cashless transactions that is before and after the demonetisation in our country and also to analyse the present awareness level and satisfaction level of the users in Karaikal town concerning cashless transactions.

## **1.5 Review of Literature**

[Kumari \(2016\)](#) has examined the government's efforts to raise public awareness about cashless transactions via different forms of advertising, yet many people are still waiting for the implementation of cashless transactions.

[Venkateswararao and Rajesh \(2017\)](#) stated that most Indians have switched to electronic payments after demonetization was implemented in India. Every merchant, from the smallest to the largest, is adopting digital payment options. Day by day, India is gradually shifting from a cash economy to a cashless economy. Every transaction is made using cards or digital methods in a cashless economy. Cashless economies have a limited level of physical circulation of money.

In their study, [Pal et al., \(2018\)](#) discovered that the lack of currency enhanced the use of digital payments, but that digital payments declined when sufficient banknotes were available. The adoption of digital payments was influenced by a variety of variables, including the trading activity, the kind of goods or services offered, and the level of comfort and experience business owners had with other digital technologies and online transactions.

[Yang et al., \(2021\)](#) found that “perceived usefulness, perceived ease of use, social influence, lifestyle compatibility, and perceived trust displayed a significant positive effect on both intentions to use an e-wallet and adoption of an e-wallet”.

### 1.7 Objectives of Study

- To have an overview of the cashless transactions before and after demonetisation in our country.
- To assess the level of awareness of the users of cashless transactions in Karaikal Town.
- To weigh the level of satisfaction of the users of cashless transactions in Karaikal town.

## 2.0 METHODOLOGY

An analytical study was conducted to examine the use of cashless transactions in Karaikal, India. As part of the research, the convenience sampling technique was used. A total of 100 responses from the general public were gathered for this research.

### 2.1 Research Instrument

Primary and secondary data were both utilised in this investigation. The questionnaires were sent to responders by way of friends and family members. Data for this research was gathered from users who do cashless transactions. It is entirely analytical in nature. Also taken into account for the research were secondary sources of data such as journal publications, websites, and newspaper reports.

### 2.2 Analytical Tools

To make generalisations, it is necessary to evaluate the data that has been gathered. In this research, the percentage technique, Chi-square test, and weighted average method were utilised to get results.

In this study, the data are analysed through statistical tools. User's awareness and their satisfaction level on cashless transactions are tested by the percentage method. The hypotheses are framed and it is verified to check the personal factors influencing the cashless transactions. The weighted average technique is used to assess the degree of satisfaction of the participants.

## 3.0 OVERVIEW ON THE IMPACT OF DEMONETIZATION IN OUR COUNTRY

According to [RBI Report \(2018\)](#), the total card payments in point of sales terminal in 16 to 17 is 17,421 billion values whereas in 17 to 18 it is 10,607 billion values. It also stated that the digital transaction has grown up to 13.5%. Prepaid payment instruments like digital wallets have also been speeding up and recording a total transactions value of 113.6 million. Thus, by viewing the report we came to know that the demonetization gave more users to do digital transactions.

## 4.0 RESULT AND DISCUSSION

### 4.1 Demographic Profile of the Customers

Approximately 60% of those polled are male, whereas 40% are female. 20% are below 20 years and 25% are above 35 years. 25% are uneducated and 75% are educated 5% are students, 35% are employees and 25% are unemployed.

### 4.2 Level of Awareness of Cash Less Transactions

When it comes to analysing the degree of knowledge of cashless transactions among consumers, it is divided into three categories: excellent, medium, and terrible. The majority of respondents (approximately 11% of those between the ages of 31 and 35 years) are well informed about cashless transactions. 17% of the professionals and 40% of educated people have good awareness to do cashless transactions.

### 4.3 Level of Satisfaction of the User on Cashless Transactions

In studying the level of satisfaction of the users, three prominent points were considered they are easy to operate, level of confidence, and safety. About 40% of the respondents said that it is easy to operate, 35% and 45% of the respondents conferred that they have a high level of confidence and high safety respectively.

Hypothesis testing by Chi-square test to find out the level of awareness of cashless transaction:

As long as the calculated value is smaller than the tabular value, the null hypothesis is accepted, or vice versa

- **H<sub>0</sub>:** There is no robust association between the personal demographic profile and the level of awareness of cashless transactions
- **H<sub>1</sub>:** There is a robust association between the personal demographic profile and the level of awareness of cashless transactions

*Table 1 – Level of Awareness of Cashless Transactions*

Level of Awareness	Calculated Value	Tabulated Value	DOF	Result
Age * Level of Awareness	2.1730**	15.5	8	No Association
Status * Level of Awareness	3.1983**	12.6	6	No Association
Educational Status * Level of Awareness	33.44**	5.99	2	Association

\*\* at 5% level of significant

*Table 2 – Satisfaction Level on Cashless Transactions*

Factors	Satisfied	Neutral	Dissatisfied	Total Scores (TS)	Avg. (TS/100)	Ranks
Safety	135	60	25	220	2.20	2
Confidence	105	80	25	210	2.10	3
Easy to operate	120	90	15	225	2.25	1

## 5.0 FINDINGS OF THE STUDY

This study explored our objectives in the cashless transactions as follows:

- 1) The majority of respondents (approximately 11% of those between the ages of 31 and 35 years) are well informed about cashless transactions.
- 2) About 45% of the respondents said that it is easy to operate, 35% and 40% of the respondents conferred that they have a high level of confidence and high safety respectively.
- 3) There is no robust association among age, status level with the awareness of cashless transactions.
- 4) There is an association between educational status and awareness of cashless transactions.
- 5) The satisfaction level of the respondents is ranked and easy to operate is ranked first and confidence level is ranked third.

## 6.0 CONCLUSION

Cashless transactions as we stated above, have their pros and cons according to the user. It is up to the user to go for digital transactions. But the government's push as 'digital India' leads the user to do digital transactions. The demonetisation activities also enable the user to switch over to cashless transactions. The jumping percentage of the RBI report from demonetisation reveals the status of cashless transactions.

In this study, we came to know that the uneducated people did not have such awareness as educated people. So, it is the part of the government to educate the technology in easy mode. At the same time, the confidence level on cashless transactions ranked third by the respondents. It revealed that they have some insecurity in the mode of transactions. Thus, the respective authorities have to take appropriate measures to ensure trust and confidence. Last but not least to conclude that many users prefer cash to cashless transactions.

## REFERENCES

- Balaji, K. C., & Balaji, K., (2017) "A Study on Demonetization and Its Impact on Cashless Transactions", *International Journal of Advanced Scientific Research & Development (IJASRD)*, 4 (3), pp. 58-64.
- Daru, M. U., (2016) "Cashless India: Dream of Future India", *International Journal of Research in Finance and Marketing (IJRFM)*, 6 (12), pp. 123-131.
- Kokila, V., & Ushadevi, R., (2017) "A Study on Consumer Behaviour on Cashless Transaction in U.T of Puducherry", *KAAV International Journal of Economics, Commerce & Business Management (KIJECBM)*, 4 (2), pp. 207-216.
- Kumari, D., (2016) "Cashless Transaction: Methods, Applications and Challenges", *International Journal of Enhanced Research in Educational Development (IJERED)*, 4 (6), Nov-Dec, 2016.
- Pal, J., Chandra, P., Kameswaran, V., Parameshwar, A., Joshi, S., & Johri, A., (2018, Apr) "Digital Payment and its Discontents: Street Shops and the Indian Government's Push for Cashless Transactions", in the Proceedings of the 2018 CHI Conference on Human Factors in Computing Systems, pp. 1-13. <https://doi.org/10.1145/3173574.3173803>.
- RBI Annual Report, <https://rbi.org.in/Scripts/AnnualReportPublications.aspx?year=2018>.

- Wikipedia (2018) "*Silver Coin*", Retrieved from [https://en.wikipedia.org/wiki/Silver\\_coin](https://en.wikipedia.org/wiki/Silver_coin).
- Wikipedia (2018) "*History of Rupee*", Retrieved from [https://en.wikipedia.org/wiki/History\\_of\\_the\\_rupee](https://en.wikipedia.org/wiki/History_of_the_rupee).
- Venkateswararao, P., & Rajesh, P., (2017) "Public Perception on Cashless Transactions in India", *Asian Journal of Research in Banking and Finance*, 7(7), pp. 63-77. <http://dx.doi.org/10.5958/2249-7323.2017.00069.4>.
- Yang, M., Al Mamun, A., Mohiuddin, M., Nawli, N. C., & Zainol, N. R., (2021) "Cashless Transactions: A Study on Intention and Adoption of e-Wallets", *Sustainability*, 13(2), pp. 1-18. <https://doi.org/10.3390/su13020831>.